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11 August 1969

Project No. 51.5567

Economic and Military Reconstruction in North Vietnam
During July 1969

Introduction

The reconstruction of military and economic facilities in North Vietnam is of continuing importance because of the implications for support of the war and conduct of negotiations for peace. Economic conditions become an increasingly important factor influencing regime policies as the war drags on, as output in all sectors continues to stagnate or decline, as living conditions show little improvement, and as prospects for future economic development are repeatedly postponed. This monthly report summarizes significant reconstruction developments to point up factors that might be relevant to an analysis of the North Vietnamese position. All-source intelligence is used.

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OGA review(s)
completed.

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Military Activities

Aircraft

1. North Vietnam continued to add to the in-country inventory of jet fighter aircraft. Ten MIG-21 and 20 MIG-15/17 jet fighter aircraft not previously noted in North Vietnam were photographed during July at North Vietnamese airfields. [REDACTED]

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[REDACTED] the 10 MIG-21's probably were additions to the country's total inventory. The MIG-15/17's, however, probably were brought in undetected from reserves held in China. By the end of July, more than 50 MIG-21's were deployed at Phuc Yen, Bai Thuong and Yen Bai airfields and an estimated 30 were believed to be held in reserve in Communist China. There is no obvious reason for bringing back the MIG 15/17's from China at a time when the inventory of other more advanced fighters is being increased, unless they are to be used in some training capacity.

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Economic Activities

Industry

3. Reconstruction work continues on North Vietnam's electric power industry, but only a small amount of additional electric generating capacity was restored to service in July. An estimated 60 percent of the total pre-bombing capacity is now operational. At the Nam Dinh, Viet Tri, and Ben Thuy powerplants work is progressing to the point where partial operation can be expected within the next two months. Photography shows further activity at two Soviet power projects, the Thac Ba hydroelectric powerplant and the Uong Bi thermal powerplant.

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4. Elsewhere in industry little restoration has been detected.

The Viet Tri paper mill has resumed operations,

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newsprint is no longer in scarce supply. At the Thai Nyugen Iron and Steel Complex minor clean-up around damaged facilities continues to be noted. The only building in the complex that has been noticeably changed in appearance, however, is a building at the steam plant. Considerable work remains to be undertaken at this facility before the production of pig iron can be resumed.

5. A reduction in observed seaborne coal exports that began in May continued through July, suggesting that well-publicized problems in the coal industry have not yet been remedied, despite claims to the contrary in press and periodicals. The total volume exported through July this year is 25 percent below the level for the same period in 1968.

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Agriculture

6. North Vietnam's Tenth Month rice crop remains behind schedule with delays noted in sowing, plowing and transplanting. In early July, only 62 percent of the planned acreage for seeds had been sown while about 40 percent of the acreage for transplanting had been plowed in preparation for the Tenth Month crop. Ideally, both sowing and plowing should have been completed by early July to insure a successful transplanting in July and August. This delay could adversely affect the harvesting of the rice crop in October - November.

Foreign Trade

7. Seaborne imports to North Vietnam during July declined to the lowest volume since September 1968 -- 135,000 tons, some 30,000 tons below the monthly average for 1969. For the last four years, however, July imports have dropped below the level for June. Imports of food-stuffs, 59,000 tons, and general and miscellaneous cargoes, 35,000 tons, dropped sharply by 23 and 35 percent respectively from the June totals. General and miscellaneous cargoes included bulldozers, tractors, metal products, machinery and equipment, tires, and pyrites. Seaborne truck deliveries were at a high rate, continuing a trend developed since the beginning of the year. Fertilizer imports increased by nearly 6,000 tons in July to 16,000 tons, as a result of increased shipments from the USSR. Petroleum imports remained at about the same level as in June. Seaborne exports totalled 31,000 tons, close to the low levels that have prevailed since April.

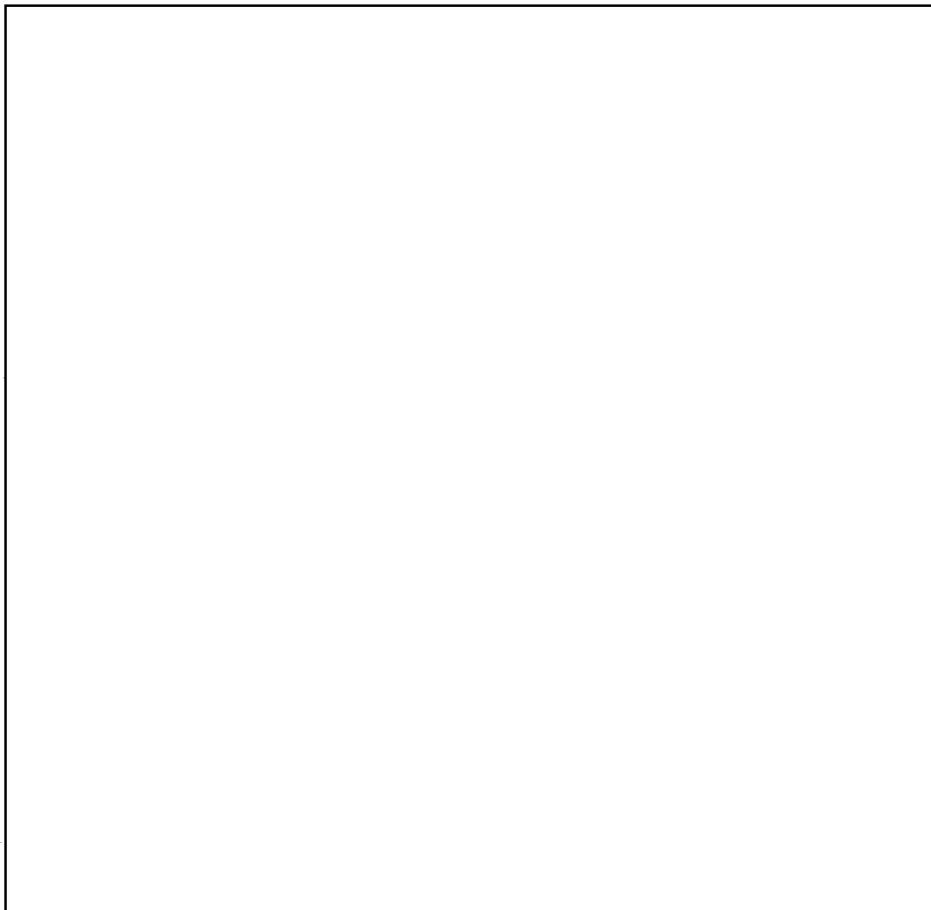
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8. Ship congestion at Haiphong in early July was about the same as in June, and then eased somewhat later in the month, reflecting the lower volume of imports. The average layover time for dry cargo ships in Haiphong during the month was 21 days, the same as in June. The daily count of ships in port dropped from 26 on 1 July to 14 at the end of the month.

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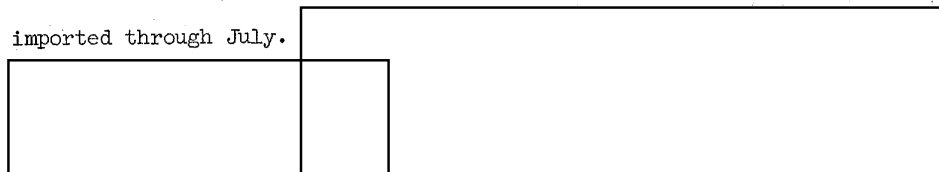
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12. Seaborne imports of chemical fertilizers by North Vietnam during the first seven months of 1969 have amounted to less than 60 percent of the volume of fertilizer imported in the same period of 1968. Deliveries from Communist countries are at only one-third the 1968 rate; imports from the Soviet Union have been reduced by more than half compared to the same period last year, only a negligible amount was imported from Communist China, and minor amounts from North Korea.

13. In an apparent effort to offset the low level of imports from Communist countries, North Vietnam has purchased substantial amounts of urea and ammonium sulfate fertilizers from Japan for the first time since 1966. About 26,500 tons, valued at almost \$1.5 million, were imported through July.



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Conclusions

14. North Vietnam continues to make additional improvements in the country's air defense position, increasing the number of jet fighter aircraft in-country and improving airfields. However, the outlook for improvements in the economic sector showed few bright spots. Only moderate progress was made during July on industrial reconstruction. However, measures to step-up work on Soviet electric projects at Thac Ba and Uong Bi were noted. Production problems for the coal industry apparently continued, and prospects for improvements in agriculture remained dim.

15. Foreign trade declined with a drop of seaborne imports led by food and miscellaneous and general cargoes and a continuing low level of exports, particularly of coal.

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The country's

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hard currency reserves situation was worsened in the first seven months of 1969 by substantial purchases of chemical fertilizers from Japan and a reduction in exports of coal to Japan.

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